

**Illinois Department of Revenue
Regulations**

Title 86 Part 440 Section 440.10 Nature and Rate of Tax
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TITLE 86: REVENUE

**PART 440
CIGARETTE TAX ACT**

Section 440.10 Nature and Rate of Tax

- a) The cigarette tax is imposed upon any person who exercises the privilege of engaging in business as a retailer of cigarettes in this State, and is at the rate of 5-1/2 mills per cigarette sold or otherwise disposed of in the course of such business in this State. The proceeds from this tax are paid into the General Revenue Fund of the State Treasury.
- b) In addition, the Cigarette Tax Act [35 ILCS 130] (the Act), imposes a tax upon any person engaged in business as a retailer of cigarettes in this State at the rate of 1/2 mill per cigarette sold or otherwise disposed of in the course of such business in this State on and after January 1, 1947, and shall be paid into the Service Recognition Bond, Interest and Retirement Fund until that Fund contains sufficient money to retire all bonds payable from that Fund. Thereafter, the proceeds from the 1/2 mill tax are to be paid into the Fair and Exposition Authority Reconstruction Fund.
- c) *Effective December 1, 1985, in addition to any other taxes imposed by the Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at a rate of 4 mills per cigarette sold or otherwise disposed of in the course of such business in this State. Of this additional tax, \$9,000,000 of the moneys received under the Act shall be paid each month into the Common School Fund. (Section 2(a) of the Act)*
- d) *Effective July 2, 1989, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 5 mills per cigarette sold or otherwise disposed of in the course of such business in this State (Section 2(a) of the Act).*
- e) *Effective July 14, 1993, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business in this State (Section 2(a) of the Act).*
- f) *Effective December 15, 1997, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business in this State (Section 2(a) of the Act). All of the monies received from this additional tax shall be paid into the Common School Fund.*

- g) *Effective July 1, 2002, in addition to any other tax imposed by the Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 20 mills per cigarette sold or otherwise disposed of in the course of such business in this State.*
- h) The total of these rates is 29 mills per cigarette; or 58¢ on a package of 20 cigarettes; except that, beginning July 1, 2002, the total of these rates is 49 mills per cigarette or 98¢ on a package of 20 cigarettes.
- i) The impact of these taxes is declared by the Cigarette Tax Act to be imposed upon the retailer, with the taxes being required to be prepaid or pre-collected by the distributor for the purpose of convenience and facility only, and the amount of the tax shall be added to the price of the cigarettes sold by such distributor. Collection of the tax shall be evidenced by a stamp or stamps affixed to each original package of cigarettes, as provided in the Act and in this Part.
- j) It shall be the duty of each distributor to collect the tax from the retailer at or before the time of the sale, to affix the required stamps and to remit the tax collected from retailers to the Department of Revenue (Department). Any distributor who shall fail to properly collect and pay the tax imposed by the Act shall be liable for the tax.
- k) The amount of the cigarette tax imposed by the Act shall be separately stated, apart from the price of the goods, by both distributors and retailers, in all advertisements, bills and sales invoices.
- l) The taxes so imposed are in addition to all other occupation or privilege taxes imposed by the State of Illinois, political subdivisions thereof or by any municipal corporation.

(Source: Amended at 27 Ill. Reg. 1618, effective January 15, 2003)